NEWS RELEASE

Chartwell Announces Fourth Quarter & Year End 2018 Results and Increase to Distributions

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MISSISSAUGA, ON, March 1, 2019 /CNW/ - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the fourth quarter and for the year ended December 31, 2018 and an increase to distributions.

Q4 2018 and 2018 Highlights

- Employee engagement score up 15% to 47% highly engaged and customer satisfaction score up 9% to 58% very satisfied in 2018.
- Funds from operations ("FFO") (1) up 1.0% in Q4 2018 and up 6.1% in 2018
- Same property adjusted net operating income ("NOI") (1) up 2.2% in Q4 2018 and up 3.3% in 2018
- Distributions increase 2.0% as of March 31, 2019

"In 2018, we achieved significant increases in our employee engagement and customer satisfaction scores, validating our continuing focus and investments in these areas. Our operating teams delivered solid same property adjusted NOI growth in 2018, despite increased competition in some of our markets. While the timing of completion of our acquisitions and our increased development activities had a negative impact on our financial results in 2018, we believe that long-term value creation from these activities will far outweigh these short-term issues," commented Brent Binions, President and CEO. "Our updated business strategy establishes our five-year operating targets and further clarifies our focus on enhancing the customer experience through personalized services delivered by our highly-engaged employees. We believe that this clarity will result in better alignment of our resources, help us to be more efficient and nimble in our decision-making processes, and will set us apart from

the competition in creating sustainable value for all our stakeholders."

Financial Highlights

($000s, except per unit amounts and number of units)	Three Months Ended December 31 2018	2017	Year Ended December 31 2018	2017
Resident revenue	$ 212,536	$ 197,762	$ 814,262	$ 752,775
Direct property operating expense	$ 147,714	$ 136,966	$ 557,839	$ 520,376
Net income/(loss)	$ (13,098)	$ 714	$ 18,519	$ 13,082
FFO (1)	$ 48,513	$ 48,022	$ 193,581	$ 182,502
FFO per unit (1)	$ 0.23	$ 0.24	$ 0.90	$ 0.93
Weighted average number of units outstanding (000s) (2)	214,927	202,664	214,320	196,774

In Q4 2018, resident revenue and direct property operating expenses increased 7.5% and 7.8%, respectively, due to the growing contribution from developments and acquisitions, rental rate increases in line with competitive market conditions and ancillary revenue growth, partially offset by higher staffing costs in our same property portfolio.

In Q4 2018, net loss was $13.1 million compared to net income of $0.7 million in Q4 2017. The decrease in net income was primarily due to higher deferred income taxes, direct property operating expenses, depreciation, finance costs, and lease cancellation fees to terminate our head office lease, partially offset by higher resident revenues and positive changes in fair value of financial instruments.

In Q4 2018, FFO increased $0.5 million primarily due to higher adjusted NOI (1), partially offset by lease cancellation fees, higher finance and general administrative and Trust ("G&A") expenses.

In 2018, resident revenue and direct property operating expenses increased 8.2% and 7.2% respectively, due to the growing contribution from developments and acquisitions, rental rate increases in line with competitive market conditions and ancillary revenue growth, partially offset by higher staffing costs in our same property portfolio.

In 2018, net income was $18.5 million compared to $13.1 million in 2017. The increase in net income was primarily due to higher resident revenues, gain on sale of assets and positive changes in fair values of financial instruments, partially offset by higher direct property operating, G&A, depreciation and finance costs.

In 2018, FFO increased $11.1 million primarily due to higher adjusted NOI and management fees, partially offset by higher G&A expenses, finance costs and lease cancellation fees. In 2018, FFO was impacted by $4.1 million (2017 – $3.8 million) of lease-up-losses (1) and imputed cost of debt (1) related to properties in development.

FFO per unit amounts in 2018 were impacted by higher weighted average units outstanding from the public offering of Trust Units completed on November 24, 2017 to finance the acquisition of four properties in Alberta which closed on April 23, 2018.

Operating Performance

($000s, except occupancy)	Three Months Ended December 31 2018	2017	Change	Year Ended December 31 2018	2017	Change
Same property occupancy (3)	92.0%	92.9%	(0.9pp)	91.7%	92.5%	(0.8pp)
Same property adjusted NOI	$ 69,660	$ 68,183	$ 1,477	$ 276,463	$ 267,611	$ 8,852
G&A expenses	$ 9,348	$ 9,221	$ 127	$ 43,890	$ 38,007	$ 5,883

In Q4 2018 and 2018, same property occupancy declined by 0.9 and 0.8 percentage points, respectively, primarily due to competitive pressures from new developments in certain markets.

In Q4 2018, same property adjusted NOI increased by $1.5 million or 2.2%, driven primarily by regular annual rental rate increases in line with competitive market conditions, partially offset by lower occupancies, higher staffing, marketing and communication expenses.

In 2018, same property adjusted NOI increased by $8.9 million or 3.3%, driven primarily by regular annual rental rate increases in line with competitive market conditions, higher ancillary revenues and lower utilities expenses, partially offset by lower occupancies, higher staffing, communication, food and marketing costs.

In Q4 2018 and 2018, G&A expenses increased by $0.1 million and $5.9 million, respectively, primarily due to higher staffing and education costs incurred to enhance services provided to our operating teams and to support the growing property portfolio and development activities, including management of Batimo projects.

Financial Position

At December 31, 2018, liquidity (1) amounted to $415.5 million, which included $29.8 million of cash and cash

equivalents and $385.7 million of available borrowing capacity on our credit facilities. In addition, Chartwell's share of cash and cash equivalents held in its equity-accounted joint ventures was $10.3 million.

The interest coverage ratio (1) on a rolling 12-month basis remained strong at 3.2 at December 31, 2018 compared to 3.5 at December 31, 2017. The net debt to adjusted EBITDA ratio (1) at December 31, 2018 was 7.8 compared to 6.9 at December 31, 2017.

Recent Developments

Subsequent to December 31, 2018, Chartwell acquired the remaining interests in Clair Hills and Oak Ridges Retirement Residences for an aggregate purchase price of $10.1 million and assumed management of these properties, which will be rebranded as Chartwell Clair Hills Retirement Residence and Chartwell Oak Ridges Retirement Residence, respectively.

In January 2019, Chartwell completed the development and began operations of the 105-suite Chartwell Carlton Retirement Residence in Burnaby, British Columbia.

Distributions

Chartwell announced today its fifth consecutive annual increase in monthly distributions. Monthly cash distributions will increase by 2.0% from $0.049 per unit ($0.5880 on an annualized basis) to $0.050 per unit ($0.60 on an annualized basis) effective for the March 31, 2019 distribution payable on April 15, 2019.

Chartwell's financial statements, including its MD&A are available at **www.chartwell.com**. A detailed list of Chartwell's property portfolio can also be obtained under "Supplementary Information" in the "Investor Relations" section of the web site.

Investor Conference Call

A conference call hosted by Chartwell's senior management team will be held Monday, March 4, 2019 at 10:00 AM ET. The telephone numbers for the conference call are: Local: (647) 484-0473 or Toll Free: (800) 289-0459. The passcode for the conference call is: 658815#. The conference call can also be heard over the Internet by accessing the Chartwell website at **www.chartwell.com**, clicking on "Investor Relations" and following the link at the top of the page. A slide presentation to accompany management's comments during the conference call will be available on the website. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are: Local: (905) 694-9451 or Toll

Free: (800) 408-3053. The Passcode for the Instant Replay is 9981422#. These numbers will be available for 30 days following the call. An audio file recording of the call, along with the accompanying slides, will also be archived on the Chartwell website at **www.chartwell.com**.

Footnotes

(1) FFO, FFO per unit, lease-up-losses, imputed cost of debt, same property adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio are measures used by management in evaluating operating and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.

(2) Includes Trust Units, Class B Units of Chartwell Master Care LP, and Trust Units issued under Executive Unit Purchase Plan and Deferred Trust Unit Plan.

(3) 'pp' means percentage points.

About Chartwell

Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities, from independent supportive living through assisted living to long term care. It is the largest operator in the Canadian seniors living sector with over 200 quality retirement communities in four provinces. Chartwell is committed to its vision of Making People's Lives BETTER and to providing a happier, healthier and more fulfilling life experience for its residents. For more information, visit **www.chartwell.com**

Chartwell's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase units without incurring commission or brokerage fees, and receive bonus units equal to 3% of their monthly cash distributions. More information can be obtained at **www.chartwell.com**.

Forward-Looking Information

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are more fully described in the "Risks and Uncertainties" section in Chartwell's 2018 MD&A and in materials filed with the securities regulatory

authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

Non-GAAP Financial Measures

Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's operating and financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures, FFO, FFO per unit, same property adjusted NOI, lease-up-losses, imputed cost of debt, same property adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the 2018 MD&A available on Chartwell's website and at **www.sedar.com**.

SOURCE Chartwell Retirement Residences

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